

ALLIANCE OF STATE LEADERS PROTECTING ELECTRICITY CONSUMERS

July 16, 2003

The Honorable Pete V. Domenici
Chairman
Senate Energy & Natural Resources Committee
364 Dirksen Senate Building
Washington, DC 20510

Dear Chairman Domenici:

Subject: Inclusion of voluntary RTO provisions in energy bill

The Alliance strongly supports inclusion of language in the electricity title of the Senate energy bill clarifying that membership in Regional Transmission Organizations (RTOs) is voluntary. Voluntary participation provides assurances to utilities and states across the country that feel mandatory RTO formation will jeopardize consumers' access to affordable reliable power; but voluntary participation does not preclude utilities and states that support RTO formation on a case-by-case basis from proceeding with such activities.

Language that codifies the principle that RTO formation is voluntary and not mandatory is an effective way to ensure that states can do what's right for their specific consumers, and will quell what will otherwise be continued financial and legal turmoil over this issue. Flexibility in RTO formation is a critical component of a fair and equitable electricity title.

The Alliance appreciates your ongoing efforts to address our concerns about the Federal Energy Regulatory Commission's standard market design plan in the Senate energy bill. We know you have worked hard to strike a delicate balance on this issue.

Thank you for your time.

Sincerely,



Jim Kerr
Alliance co-chair
North Carolina Utilities Commission



Marilyn Showalter
Alliance co-chair
Washington Utilities and
Transportation Commission